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JV Health Check

Board & Executive Diagnostic — Joint Venture Provisions Review

Product Overview

Who Is This For?

This review is designed for any party to an existing joint venture, whether unincorporated or incorporated, in the energy and resources sector, who wants to understand precisely what their JV agreement actually provides for, rather than what they assume it provides for based on their equity percentage or their working relationship with the other party.

It is most valuable in three situations: before a transaction or capital raise that will be assessed against the JV documentation, when a relationship with a co-venturer is deteriorating or a disagreement is emerging, and as a periodic health check for any JV that has been running for some years without the agreement itself being revisited.

About This Review

This review is a high-level, board and executive-focused diagnostic of an existing joint venture agreement (and any related shareholders' agreement, farm-in agreement or side deed). It is not a full legal audit and does not involve re-negotiating the agreement itself.

Instead, the objective is to:

- identify what each key provision in the agreement actually says and does, in plain commercial language
- flag where the agreement is silent, ambiguous, or relies on an assumption that may not hold
- highlight the gap, if any, between the practical understanding the parties currently operate under and what the document actually provides for

Most JV friction does not come from bad faith. It comes from provisions nobody has read closely since signing, assumptions that were reasonable at the time but have not kept pace with how the JV actually operates, and rights that exist on paper but have never been tested.

Where JVs Typically Create Surprises

Joint ventures in the energy and resources sector most commonly create friction, or genuine surprise for one party, in the following areas:

- A mismatch between equity percentage and actual control, a majority holder assuming its percentage gives it operational control, when the governance deed says otherwise
- Information and reporting rights that are narrower in practice than either party remembers agreeing to
- Deadlock provisions that are either absent, or exist on paper but are impractical to actually invoke
- Funding and cash call mechanics, particularly notice periods that do not account for an offshore participant's actual remittance timeline
- Back-in rights surviving from an original farm-in, with a trigger or cost basis nobody has recently checked
- Transfer, pre-emption and change of control provisions that only become relevant, and only get read closely, once a sale is already contemplated

These issues are rarely apparent until they matter, at which point the cost of an unfavourable provision is far higher than the cost of identifying it early.

Framework

The review assesses the joint venture agreement across six key areas.

A. Governance & Control	• Voting thresholds and reserved matters • Operator appointment, removal and replacement rights • Whether equity percentage actually determines control, or whether the deed says otherwise • Whether operator appointment defaults to the largest interest holder by default rather than a negotiated right
B. Information & Reporting Rights	• What each party is actually entitled to see, and how often • Whether rights are enforceable in practice, not just stated in principle • Access to management meetings and real-time operational information
C. Funding & Default Mechanics	• Cash call notice periods and whether they are workable for each party's actual funding process • Consequences of a funding default, including dilution formulas • Cross-border remittance timing, where a participant is offshore
D. Transfer, Pre-emption & Change of Control	• Consent rights and rights of first offer or refusal on any transfer • Drag-along and tag-along mechanics, if any • How the agreement responds to a change of control at the parent level, not just a direct transfer of the JV interest
E. Deadlock & Dispute Resolution	• Whether a genuine deadlock mechanism exists, and whether it is actually workable • Buy-sell, shotgun or similar exit-forcing provisions • Governing law, seat of arbitration, and how that interacts with the underlying tenement's state-based regime • Whether the dispute resolution clause expressly excludes matters requiring a party's consent or agreement, which is often exactly where a real deadlock sits
F. Exit, Termination & Back-in Rights	• Withdrawal mechanics and any residual obligations on exit • Back-in rights carried over from an original farm-in: trigger, cost basis, and whether operatorship reverts • Wind-up provisions and treatment of joint assets on termination

Output

Following the review, the client receives a findings report structured around the six areas above. For each area, the report provides:

- a traffic light status (Green / Amber / Red) with a one-sentence summary
- a plain-language explanation of what the relevant provisions actually say and do
- the practical consequence for the client, in the specific context of their JV relationship
- a recommended action, where one is warranted, to clarify, strengthen or renegotiate a provision

The report also identifies which, if any, provisions are likely to matter most given the client's own circumstances, whether that is an anticipated transaction, a strained co-venturer relationship, or simply a JV that has not been revisited in some years.

Follow-on Support

Following the review, clients are typically assisted with:

- Negotiating amendments or side deeds to address gaps identified in the review
- Advice on invoking, or responding to, a deadlock or default provision
- Structuring exit, buy-sell or restructuring options where a relationship has broken down
- Applying the same framework to a new joint venture at the drafting stage, before an agreement is signed

The objective is the same as with a Transaction Readiness Review: giving a client genuine, plain-language clarity on their actual legal position, while there is still time to act on it, rather than discovering a provision's real effect only once it is being relied upon.

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